



U.S. Immigration
and Customs
Enforcement

News Release

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THREE CHINESE NATIONALS CHARGED IN MILLION DOLLAR FRAUD AGAINST THEIR EMPLOYER

NEWARK – U.S. Immigration and Customs Enforcement (ICE) Special Agent-in-Charge Kyle Hutchins and U.S. Attorney Christopher J. Christie announced the arrests and arraignment of three Chinese nationals who were bilking their employer in an international fraud scheme of over one million dollars.

The three defendants, Zhen Zhang (35 years old), Shiyi Zhang (42 years old) and Zhuosen Tan (31 years old) worked as sales representatives for a U.S. based multinational corporation and were based in the Chinese cities of Shanghai, Beijing and Shenzhen, respectively. Their employer is a world leader in the design, manufacture and marketing of high technology products used to generate radio signals and control radio frequencies that are used in various commercial, military and space applications.

The Complaint details transactions in which the defendants entered with individuals from New Jersey, China, Pakistan and elsewhere. As described in the complaint, the defendants were pushing sales through straw-buyers and demanding bribe payments, as well as creating front-companies and falsifying corporate records to hide their scheme from their employer. This enabled the defendants to pocket a portion of the proceeds from the sales transactions for their own financial benefit and defraud their employer out of more than one million dollars.

The defendants are also charged with fabricating purchase orders and end-user certifications to conceal their scheme. End-user certifications set forth the ultimate user and use of a product, and are often required to determine whether a license from the U.S. government is required before certain products can be exported from the U.S.

The Complaint also details bribe payments that were demanded by the defendants in exchange for providing favored treatment to customers. That favored treatment included offering bribe-paying customers lower prices and faster service, while simultaneously delaying or declining bids from non-bribe-paying customers. Pursuant to the scheme, the defendants generated thousands of electronic communications, including emails using their employer's U.S.-based computer server.

The defendants' employer cooperated in the investigation of these three employees immediately upon learning of the scheme from federal authorities.

The defendants are charged with conspiracy to commit wire fraud, contrary to Title 18, USC, Section 1343 and in violation of Title 18, USC, Section 371. Under these charges, the defendants face up to five years in jail and fines of up to two million dollars.

Despite the charges, each defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt following a trial at which the defendant has all of the trial rights guaranteed by the U.S. Constitution and federal law.

With the announcement of the arraignment, Christie credited the arrests to the Special Agents of Immigration and Customs Enforcement (ICE), the FBI and the Department of Commerce.

ICE

U.S. Immigration and Customs Enforcement is the largest investigative arm of the Department of Homeland Security.